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CROP INSURANCE AND CREDIT; CLOSING DATES FOR APPLICATIONS

A radio discussion among Leroy K. Smith and Cecil Johnson, Federal Crop Insurance Corporation, and Wallace L. Kadderly, Radio Service, broadcast Tuesday, August 30, 1938, in the Department of Agriculture period, National Farm and Home Hour, by 90 stations associated with the National Broadcasting Company.

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KADDERLY:

Now I should like to introduce a man who is new to the Washington scene -- but is an old hand in the Agricultural Adjustment programs. He's Leroy K. Smith, Acting Manager of the Federal Crop Insurance Corporation of the United States Department of Agriculture. Mr. Smith is a real dirt-farmer. He's been raising wheat in western Nebraska since 1920, and since the farmers' programs were started in 1933, has had an active part in them -- as community committeeman, county wheat chairman, chairman of the Nebraska state grain board, and a member of the Nebraska State Triple-A Committee. Leroy Smith came to Washington last spring as coordinator of Triple-A activities and the Crop Insurance program. Now he is Acting Manager of the Federal Crop Insurance Corporation and he's meeting here with us today, along with Cecil Johnson, secretary of the Corporation, to give us some highlights on Crop Insurance and credit, and last minute news on closing dates.

SMITH:

Thanks for the send-off, Wallace. . . and since you've introduced me as a wheat grower, I want to present a grower's viewpoint on the matter of Crop Insurance and its effect on the wheat grower's credit.

KADDERLY:

Go right ahead Leroy.

SMITH:

Any farmer who depends on wheat for his cash income knows that he is up against a peculiar situation. He plants his crop in the fall. Then he has to wait until summer before he harvests and sells the crop. Naturally, that brings a large demand for credit from crop to crop.

KADDERLY:

I should think it would. I know I would need some interim financing if I got paid just once a year.

SMITH:

And when that crop fails -- well, it's just a year to go and no income.

KADDERLY:

And that's where wheat crop insurance comes in.

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SMITH:

Yes -- in two ways. First, the crop insurance policy will assure the farmer against failures. He will know that he will have at least 75 or 50 percent of his average crop -- depending on his amount of coverage, of course. Just knowing that he will have that much wheat to sell will help the wheat grower to plan his finances in better fashion. See what I mean?

KADDERLY:

Yes, I can see how that would be true -- and mighty helpful, too.

SMITH:

There's another side to it. For example, if you were a banker and a wheat grower came to you for a loan -- enough to see him through to his next crop -- what would be your first question?

KADDERLY:

Why -- I'd want to know what security he had, of course.

SMITH:

And if the farmer offered his growing crop as security?

KADDERLY:

Well, naturally, I'd have no way of knowing how the crop might turn out. A hundred things might happen to it before harvest -- it might get hailed out -- it might burn up -- or theoppers might get it.

SMITH:

That's exactly the situation. In general, growing crops have been regarded as very slim security by loaning agencies, because after all, a growing crop is just a prospect -- nothing more.

KADDERLY:

A prospect -- but that doesn't change the grower's need for credit.

SMITH:

Right. Now when the farmer insures his crop, the situation changes. The farmer then has the guarantee of the Federal Crop Insurance Corporation that he will have some wheat to sell next harvest. This means that the farmer can go to the loaning agency and offer them an insured crop as collateral -- not just a prospect. We believe it will greatly improve his chances of getting the necessary financing.

KADDERLY:

But -- just a point here -- I'm sure some of our listeners will be interested in knowing how they can use their wheat crop insurance policies as collateral.

SMITH:

There's nothing complicated about it. You see, the crop insurance policy can be assigned as collateral for loans for two purposes: . . . First, to pay the crop insurance premium, and second, to care for the crop.

KADDERLY:

To pay premiums, oh? That means that even though a farmer has had bad luck with his crop this year, he can still insure his next year's crop.

SMITH:

That's true -- loans for care of the crop are important, too. If the grower is forced to skimp when he's getting his land ready, it cuts down his chances for a good crop.

KADDERLY:

Seems to me that insurance-protected loans are good business. Cecil, I understand you've been in touch with the various lending agencies. What have been their reactions?

JOHNSON:

They have been very cooperative, Wallace. Existing loaning agencies of the government are cooperating within the limits of their authorization and their funds to make loans available for payment of premiums. Private agencies also have been very interested.

KADDERLY:

I'm glad to hear that -- now we've just a minute left. I think a little reminder about those closing dates for crop insurance applications would be in order.

JOHNSON:

August 31st is the deadline for applications from winter wheat growers in the Middle West and the Great Plains wheat belt. If winter wheat growers want to be sure of having wheat to sell in 1939, they must have their applications on file in the county Triple-A offices by midnight of that date. Farmers growing winter wheat in the eastern area of the United States have until September 30 to file their applications, while farmers living in the Pacific Coast states may file their applications up until November 30. However, the majority of the wheat growers live in the area where the closing date is August 31.

KADDERLY:

Cecil, I understand that there are certain yield figures and other information to go in those applications before the Corporation can compute the insurance and yield and the premium due. Do those figures have to be filed by August 31st?

JOHNSON:

No, Wallace, they don't. If the grower has shown his intention of taking out crop insurance by signing an application and filing it with the county office, that will be sufficient. You see, thousands of farmers have applied for policies. Every county office is busy working up the information that has to go into those applications before they can be sent to the branch offices for calculation of the premiums. That is a big job and it's important, but we don't want it to stand in the way of any farmer who desires to insure his 1939 crop. So, those yield figures can be filled in after

the closing date. Let me emphasize that any farmer who signs an application before midnight of August 31st will be considered for crop insurance.

KADDERLY:

Thank you, Leroy Smith and Cecil Johnson, for giving our farm and home friends this last-minute information on the progress of the new Crop Insurance program.

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